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Airlines Will Introduce More A La Carte Fees and Other Revenue-Based Methods to Serve and Reward Customers

IdeaWorks predicts increased reliance upon a “pay for perks” philosophy for customer services, a la carte features, and frequent flier benefits.

December 1, 2008, Shorewood, Wisconsin. There is ample evidence that airline marketing initiatives are becoming more revenue aware. Rather than provide free amenities, airlines have learned to “ask for the sale” at every opportunity. A la carte fees are quickly becoming associated with checked baggage, call centre support, and onboard meals. Frequent flier programs are charging more fees and the beloved “mile” is slowly being marginalized by accrual methods tied to ticket prices.

IdeaWorks applied its ancillary revenue expertise, and its contact with airline clients worldwide, to anticipate the growing effect these changes will have on the air travel experience:

- Major carriers in the United States will introduce **more a la carte fees** to broaden the revenue success of checked baggage fees.
- Baggage **fees will spread** to international markets, to include the transatlantic, as more airlines become comfortable with the change.
- Food-for-purchase programs will gain acceptance on longer haul flights, but will begin as offers to **upgrade the dining experience**.
- Mileage-based frequent flier accrual will slowly be **replaced by points** tied to the fare paid by the passenger.
- Likewise, mileage-based rewards will be replaced by market-priced rewards that allow members to spend point balances to **buy reward travel**.

More Airlines Worldwide Choosing Revenue-Based Methods to Serve and Reward Customers was released today as an 8-page Industry Analysis. The full report is available at the IdeaWorks web site: www.ideaworkscompany.com/news.

About IdeaWorks: IdeaWorks was founded in 1996 as a consulting organization building revenue through innovation in product, partnership and marketing. Its international client list includes the airline, hotel, marine, railroad, and consumer product industries. The firm is a leading expert on creating ancillary revenue opportunities for airlines. IdeaWorks has worked with airlines on ancillary revenue projects in Europe, the United States, and South America. The consulting firm has helped create frequent flier programs and develop co-branded credit cards in the USA, Europe, and South America. Learn more at: IdeaWorksCompany.com

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